

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

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China-US: Changes in Tungsten Products Trade

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SUMMARY

Over the past two years, rapid growth in Chinese exports of tungsten products to the United States prompted US manufacturers to complain about disruption of the US market. Although the Chinese have assured US officials that China planned to reduce tungsten product exports, shipments more than doubled last year and continue strong. However, China has successfully tightened central control over tungsten product trade this year and may be more responsive to US concerns as a result.

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Following US complaints in 1983 about disruption of tungsten products markets--particularly ammonium paratungstate and tungstic acid--by Chinese exports, Beijing consolidated trade in tungsten compounds under the authority of China National Nonferrous Metals Import Export Corporation in January 1984, and required export licenses before those products could be sold abroad. By mid-year, those sales had dropped sharply. But in September 1984, other organizations--including China National Metals and Minerals Import and Export Corporation (MINMETALS)--once again became

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active in the tungsten products market, pushing up exports and prompting additional concern among US producers. [REDACTED]

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According to detailed trade data, China's total shipments of ammonium paratungstate and tungstic acid to the United States have doubled since 1984 (see Table 1). Ammonium paratungstate and tungstic acid both showed large jumps in the second half of 1985. Although we have no firm evidence explaining these large increases, we suspect that they resulted largely from further decentralization of trade. We know, for example, a town official engaged in private enterprise in Guangdong Province in early 1985 went to various mines and purchased tungsten ore over the mines' quota, presumably for export. [REDACTED]

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Our data clearly shows a recentralization of tungsten products trade between 1985 and 1986 (see Tables 2 and 3). Tungstic acid shipments during the first half of 1986 were wholly controlled by China National Chemicals Import and Export Corporation. Similarly, MINMETALS was the listed shipper for 80 percent of ammonium paratungstate shipments, displacing nearly all other firms. [REDACTED]

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Ammonium paratungstate exports to the United States nearly tripled between 1984 and 1985. And first half 1986 shipments of 624 tons--335 tons above the like period of 1985--suggests at least a 1,300 metric ton total for 1986. If tungstic acid shipments in the second half of 1986 equal the first half, China will ship around 110 tons to the United States. However, if the second half of 1986 were to grow at the same percentage rate as the second half of 1985, this year's total ammonium paratungstate shipments could exceed 2,000 tons and tungstic acid could approach 200 tons. [REDACTED]

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Although export levels are still high and growing, we believe the restoration of more centrally-controlled trade will give Beijing greater flexibility and responsiveness to US trade complaints. [REDACTED]

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Table 1
CHINESE SHIPMENTS OF SELECTED CHEMICALS TO THE UNITED STATES 1984 - 1986 METRIC TONS

CHEMICAL	1984		1985		1986	
	First Half/Full Year		First Half/Full Year		First Half/Full Year**	
AMMONIUM PARATUNGSTATE	NA	386.22	288.91	1,041.81	624.19	1,300
IRON AMMONIUM PARATUNGSTATE	NA	82.2	32.7	32.7	0	0
TUNGSTIC ACID	NA	95.58	50.57	125.19	52.49	110
IRON ACID	NA	54.00	0	0	0	0

Source: Port Import Export Retrieval System (PIERS), Journal of Commerce.

** Estimated 1986 total.



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Table 2		PERCENT (%) OF TONNAGE
CHINESE SHIPPERS: SHARE OF TUNGSTIC ACID EXPORTS TO THE U.S. 1985 - 1986		
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TUNGSTIC ACID	1985 JAN - DEC	1986 JAN - JUN
China National Chemicals Import and Export Corp	60.3	100.0
Unknown Shipper*	39.7	0
SOURCE: Port Import Export Retrieval System (PIERS), Journal of Commerce.		
* Category contains shippers who have requested confidentiality from US Customs.		



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Table 3 PERCENT (%) OF TONNAGE*
CHINESE SHIPPERS: SHARE OF AMMONIUM PARATUNGSTATE EXPORTS
TO THE UNITED STATES, 1985 - 1986

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AMMONIUM PARATUNGSTATE	1985 JAN - DEC	1986 JAN - JUN
Unknown Shipper**	20.6	13.5
China National Metals and Minerals Import and Export Corporation (MINMETALS)	20.5	79.5
China Resources Transportation and Godown Company, Ltd., Hong Kong	18.5	0
Fujian Metallurgical	10.3	0
China Travel Service	5.8	0
Dong Fang Trading	5.3	0
China National Nonferrous Metals Industry Corp.	4.8	0
TBI	4.7	0
China National Metallurgical Products Import and Export Corporation	3.7	0
Pearl River Container	1.8	0
China National Light Industrial Products Import and Export Corporation	1.6	0
China International Trust and Investment Corp.	1.6	0
South China Consolidation	1.0	0
China Merchants	1.0	0
Freight Transport International	0	7.0

SOURCE: Port Import Export Retrieval System (PIERS), Journal of Commerce.

* Percentages will not total because of conversion and rounding.

** Category consists of shippers who have requested confidentiality from
US Customs.

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